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Friday, May 19, 2006

Docket Clerk
Fruit and Vegetable Programs AMS, USDA
1400 Independence Avenue, SW
Mail Stop 0243
Washington, DC 20250

By E-mail to scblockgrants@usda.gov

Re: Docket Number FV06-1290-1PR

Federal Register Volume 71, No. 76, Pages 20353-20357

Dear Docket Clerk:

WineAmerica is the National Association of American Wineries, dedicated to the advancement of sound public policy at all levels of government to encourage the dynamic growth and development of the wine industry throughout the United States. WineAmerica represents more than 800 wineries in 48 states, and has some 50 state winery and grape grower affiliated state associations.

We strongly oppose a provision in Section 1290.4 (a) in the proposed rule addressing the eligibility of projects in the proposed specialty crop block grant rules that gives a preference to “fresh” specialty crops. The underlying legislation, carefully considered and drafted by the House Committee on Agriculture in 2004, makes no such preference and did not even debate the issue. Our organizations were a part of the specialty crop support coalition and worked hard for a bill which was designed to help all specialty crops, including processed grapes and wine. It is our belief that neither the bill’s sponsors nor the committee intended to provide a preference for fresh specialty crops.

The underlying legislation that provides authorization for specialty crop block grants, P.L. 108-465 and House Report 108-750, makes no distinction between fresh specialty crops and those that have been processed in some manner.

This legislation clearly defines specialty crops: “The term ‘specialty crop’ means fruits and vegetables, tree nuts, dried fruits, and nursery crops (including floriculture).” Indeed there is no legislative history that shows Congress intended to give preference to fresh specialty crops.

The final legislation (P.L. 108-465) included only one reference to “fresh.” That reference is just one of a long list of research objectives important to fresh specialty crops:

“The specialty crops committee shall include in each report recommendations regarding the following:

(3) Programs that would—

(A) enhance the quality and shelf-life of *fresh* fruits and vegetables, including their taste and appearance;

(B) develop new crop protection tools and expand the applicability and cost-effectiveness of integrated pest management;

(C) prevent the introduction of foreign invasive pests and diseases;

(D) develop new products and new uses of specialty crops;

(E) develop new and improved marketing tools for specialty crops;

(F) enhance food safety regarding specialty crops;

(G) improve mechanization of production practices; and

(H) enhance irrigation techniques used in specialty crop production.”

[emphasis supplied]

The use of the word “fresh” in a specific listing of part of the objectives of the bill is hardly a justification for providing a priority for “fresh.” In fact quite the opposite is true. By explicitly mentioning “fresh” in a context where the distinction is meaningful, the reasonable implication is that “fresh” does not have any specific meaning in the remainder of the statute.

The previous version of specialty crop grants instituted as part of the 2001 Farm Disaster Assistance (P.L. 107-25) ultimately provided funding to promote the competitiveness of many regional wine projects. Such funding is more important than ever as all fifty states have wineries and there is incredible growth in the number of wineries throughout the nation, from about 2,200 in 2000 to just fewer than 4,000 at present.

Wine is one of America’s leading value-added agricultural products and the vast majority of wineries are an integral part of a farmer’s economic unit. The grape grower and the winemaker are usually integral parts of the same business providing family farm income. Grape growing and the establishment of wineries are helping to diversify local economies and keep land in agricultural production. Most wineries are small production, family-owned enterprises facing ever increasing competitive pressure. In 2005, over 25% of the U.S. market for wine was supplied by imports and that trend is expected to escalate as other wine producing countries target the U.S. with their products.

Wine, juice and raisin grapes make up almost 90% of all grapes grown in the United States. Grapes, with a farm gate value of \$3.4 billion, are the sixth largest crop and the largest specialty crop in the country. Under the proposed priority, most grape growers and processors would receive only secondary priority in seeking specialty crop block grants.

Giving priority to fresh specialty crops in administering the block grant programs is an idea that has not been thought through. It is prejudicial to one of our most successful specialty crop efforts. The wine and winegrape industry must not be considered to be some form of secondary or “less important” status.

WineAmerica respectfully urges the United States Department of Agriculture, Agricultural Marketing Service to modify the proposed rule for Specialty Crop Block Grant Program by deleting the sentence “Priority will be given to fresh specialty crop projects” in § 1290.4(a) and allowing all specialty crops as defined in the law compete equally for grants.

WineAmerica also opposes the requirement that the USDA approve individual contracts of the projects selected for funding. WineAmerica believes that the purpose of “specialty crop block grants” is enhanced by allowing broad discretion to state departments of agriculture to determine how best to advance the competitiveness of specialty crops in their diverse states. Each state has differing needs that are best understood by state officials. We believe that AMS should exercise oversight over state plans and implementation without evaluation of particular grants except through audit.

Thank you for the opportunity to comment on the proposed rule and for your consideration of our position.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Nelson". The signature is fluid and cursive, with the first name "Bill" and last name "Nelson" clearly distinguishable.

Bill Nelson
President